



South Fort Collins Sanitation District

**Financial Statements and
Supplementary Information**
For the Years Ended December 31, 2019 and 2018



South Fort Collins Sanitation District

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Independent Auditor's Report

Board of Directors
South Fort Collins Sanitation District
Fort Collins, Colorado

We have audited the accompanying financial statements of the South Fort Collins Sanitation District (the "District") as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Fort Collins Sanitation District as of December 31, 2019 and 2018, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Emphasis of Matters

The COVID-19 outbreak in 2020, see Note 10, has caused business disruption in a variety of industries, markets and geographic regions, which has resulted in considerable uncertainty as to the financial impact and duration, which cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) on pages 25 to 28 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

ACM LLP

Greeley, Colorado
September 14, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The South Fort Collins Sanitation District (the District) offers the readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2019. In addition to this overview and analysis based on currently known facts, decisions and conditions, the District would encourage readers to consider the information presented in the District's financial statements, which begin on page 11 of this report.

FINANCIAL HIGHLIGHTS

- ❖ The assets of the District exceeded its liabilities and deferred inflows of resources at the end of the fiscal year ended December 31, 2019 by \$146.3 million (net position). Of the net position balance, \$32.5 million is unrestricted and is available to meet the District's ongoing obligations in accordance with the District's fund designations and fiscal policies.
- ❖ The District's net position increased by \$10.6 million (7.8%).
- ❖ The District's revenue from customer service charges, its principal operating revenue, increased by \$538.9 thousand (9.6%) during fiscal year 2019. This is due to the increased number of taps serviced and the increase in multifamily taps. Service charge revenue for non-residential customers is based upon water usage.
- ❖ The number of customers served by the District increased by 251 taps (1.7%) in 2019, generating \$3.5 million in system development and impact fees as part of capital contributions. The District served a total of 15,225 taps at year end.
- ❖ The District accepted 18 new projects for the year ended December 31, 2019, representing \$5.4 million in capital contributions.
- ❖ The District maintained its property tax mill levy at 0.5 mills which generated \$401 thousand in revenue

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District operates as a special district under Title 32 of the laws of the State of Colorado. Accordingly, the financial statements are prepared to account for operations similar to a business-type enterprise. The basic financial statements include statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows shown on a comparative basis with the prior year. The notes to the financial statements are considered to be an integral part of the basic financial statements since they provide additional information needed to gain a full understanding of the data provided.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- ❖ The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between assets, and liabilities and deferred inflows of resources is reported as net position. Over time, increases and decreases in net position may provide an indication of whether the District's financial position is improving or deteriorating. The statement also provides the basis for determining the overall financial health of the District including liquidity and financial flexibility.
- ❖ The statement of revenues, expenses, and changes in net position presents information reflecting how the District's net position has changed during the fiscal year just ended. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., service charges billed but not received at year end, invoicing from vendors received but not paid by year end and earned but unused vacation leave). This statement measures the success of the District's overall operation and can be used to determine whether the District's user fee, rates and changes are sufficient to recover operating costs.
- ❖ The statement of cash flows present information concerning the District's cash receipts and cash payments during the year. The statement reports the cash receipts, cash payments, and net cash from operations, investing, and capital and non-capital financing activities.

FINANCIAL ANALYSIS OF THE SOUTH FORT COLLINS SANITATION DISTRICT

The financial statements of the District begin on page 11. The true picture of the financial health of the District must be tempered with the operational theory and financial control that is practiced on a daily basis by the District.

Financial Policy and Priorities

The financial goal of the District is to operate as cost efficiently as possible and similar to the practices of private enterprise. The District annually reviews its financial policies to assess their impact on financial activities. Policies that affected financial activities are as follows:

1. Growth within the District pays for its own way.
2. District administration and operations are funded from user fees.
3. Capital improvements to existing District assets and the acquisition of new assets are funded by plant investment fees.

Plant investment fees and monthly service fees are reviewed annually. The current level of these fees has been determined to be sufficient at this time to provide the necessary revenues to sustain operations and capital construction. The District also requires developers to oversize lines where applicable. In some cases reimbursement agreements are in place between the developer and the District whereby the District collects additional fees from future developers as they attach to the line. These fees are then remitted to the initial developer.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Day-To-Day Operational Control of the District

For operational control, the District has classified all operations into two distinct funds: Enterprise and General Government.

The general government fund was funded in 2019 by a 0.50 total mill levy. This total levy funds general operations of the District.

The District operates as a self-supporting enterprise. The enterprise fund is funded by revenues received from user fees and other sources that are sufficient to cover the day-to-day operating expenses of the District. There are two segments of the enterprise fund: general operations and construction.

The general operations segment is funded primarily from monthly user service charges and other miscellaneous revenues received by the District. These revenues cover the daily administration, plant operations and line maintenance expense of the District.

The construction segment of the District can be divided into two categories – capital improvements and growth. Capital improvements are funded from monthly service rates; plant investment fees (PIFs) collected from users; growth is funded by the developers who are directly affected by the lines being funded. The District does create agreements with developers that allow for the collection of line extension fees that are reimbursable to the developer.

The District's day-to-day operational control involves many levels of planning, forecasting and budgeting. Revenues and expenses are allocated to specific District Activities. The staff presents monthly financial reports to the board of directors for review and approval. The reports contain monthly revenues and expenditures compared to the adopted budget. This report is an essential tool that is critical to the District's long-range financial planning efforts.

Overall Financial Position and Results of Operations

Financial Analysis

A summary of the statement of net position is shown as Table A. The total net position represents the difference between the District's total assets and the total liabilities and deferred inflows of resources and are one way to measure the District's health. Increases or decreases in the District's net position are indicators of improving or deteriorating financial health. This information, along with other non-financial information such as population growth or decline, legislative changes or board policy changes, provides an integrated assessment of the District's health.

The table indicates that all of the District's finances are excellent. However, it is important that on a year-to-year basis the District operates within its policies, and that on the budgetary basis the operating revenues exceed operating expenditures.

It is also important to note that in the capital construction portion of the budget, annual expenditures may in some instances exceed the annual revenues when reported on an annual basis. Because it is the policy of the District that growth funds construction, it is possible that some funds recorded as revenues and received from PIF are received in one year and the expenses are not incurred until future years. This difference is accounted for in the overall long range financial planning of the District. Also, funds collected from user fees are invested in a construction account and may be used at various times to fund capital improvements, District-

MANAGEMENT'S DISCUSSION AND ANALYSIS

required line oversizing of trunklines and other costs are authorized by the board of directors. A summary of the statement of revenues, expenses and changes in net position is shown in Table B.

Table A
Condensed Statements of Net Position

	December 31,		
	2019	2018	2017
Current Assets	\$ 35,410,420	\$ 45,627,363	\$ 38,497,780
Capital Assets	113,873,712	91,875,809	86,990,868
Total Assets	149,284,132	137,503,172	125,488,648
Current Liabilities	2,402,009	1,231,428	363,065
Non-Current Liabilities	76,649	67,612	79,280
Total Liabilities	2,478,658	1,299,040	442,345
Deferred Inflows of Resources	456,793	411,593	350,000
Net Position			
Net Investment in Capital Assets	113,873,712	91,875,809	86,990,868
Restricted Emergency Reserve	12,000	12,000	11,000
Unrestricted	32,462,969	43,904,730	37,694,435
Total Net Position	\$ 146,348,681	\$ 135,792,539	\$ 124,696,303

Table B
Condensed Statements of Revenues, Expenses and Changes in Net Assets

	December 31,		
	2019	2018	2017
Total Operating Revenues	\$ 6,126,343	\$ 5,587,489	\$ 5,553,973
Total Operating Expenses	5,710,581	6,157,446	5,719,413
Income (Loss) from Operations	415,762	(569,957)	(165,440)
Non-Operating Revenues	1,320,192	1,199,428	657,856
Net Income Before Contributions	1,735,954	629,471	492,416
Capital Contributions	8,820,188	10,466,765	4,879,564
Changes in Net Assets	10,556,142	11,096,236	5,371,980
Net Assets - Beginning of Year	135,792,539	124,696,303	119,324,323
Net Assets - End of Year	\$ 146,348,681	\$ 135,792,539	\$ 124,696,303

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating activities increased the District's net position by \$416 thousand compared to a decrease of \$570 thousand in 2018. Key elements of this change are due to the following:

- ❖ There was an overall decrease in operating expenses of \$447 thousand (7.3%) with pretreatment, collection and treatment decreasing by \$520 thousand mainly due to lining of collection lines in 2018, office, administration and director fees increasing by \$31 thousand, and depreciation increasing by \$37 thousand. Depreciation expense is \$2.4 million, which is 42% of operating expenses.

Non-operating activities increased the District's net position by \$1.3 million.

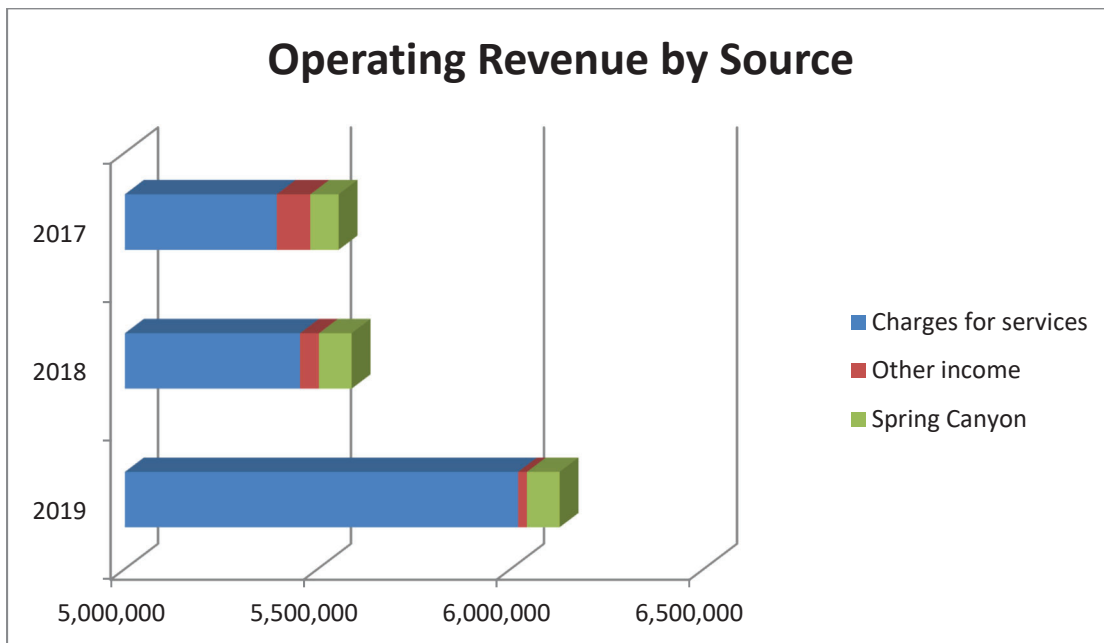
- ❖ Property tax collections \$401 thousand (net of fees) and investment income \$875 thousand.

Capital contributions increased the District's net position by \$8.8 million.

- ❖ Contributions of capital assets were \$5.4 million. These contributions represent collection lines in new subdivisions and a lift station that were deeded to the District.
- ❖ Other capital contributions of system development fees amounting to \$3.5 million. These consist of tap fees of \$3.5 million and impact fees of \$5 thousand. They represent new residential and non-residential capital payments to the District for the cost of the investment in the treatment plant and replacement of collection lines.

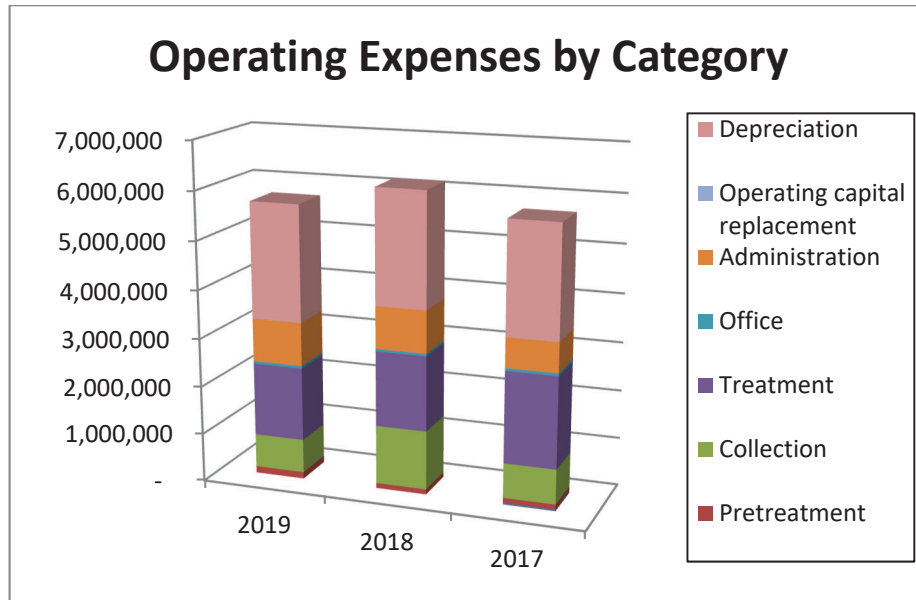
Operating Activities

2019 Operating revenues increased the District's Net Position by \$6.1 million

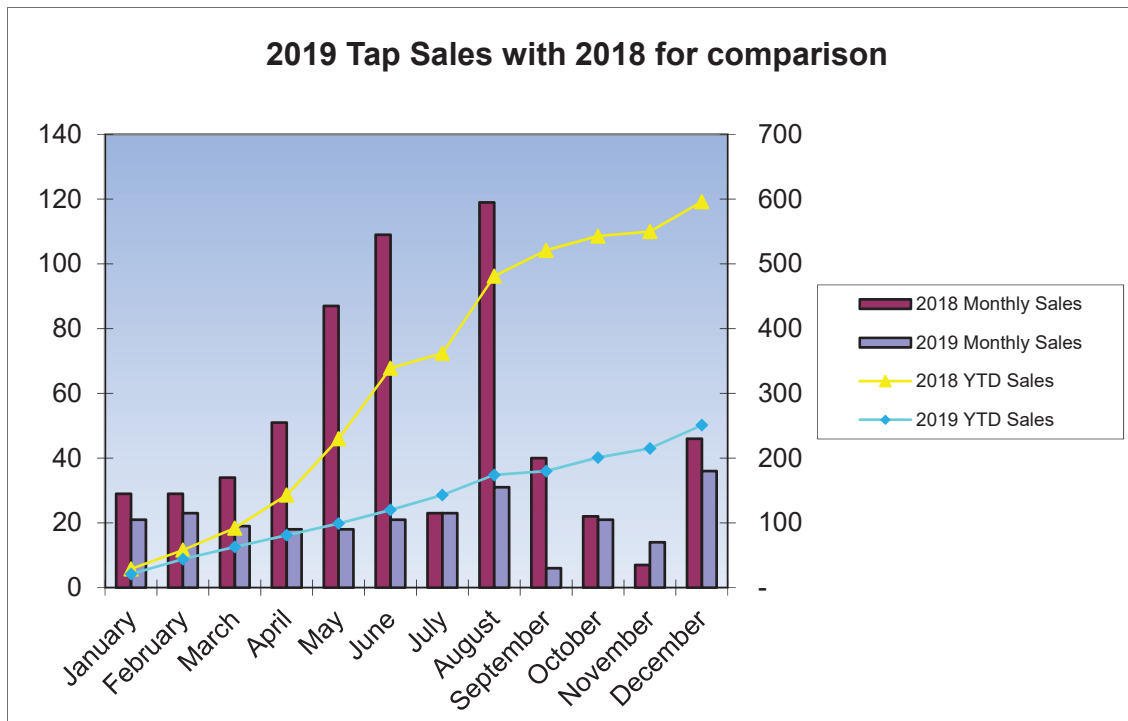


MANAGEMENT'S DISCUSSION AND ANALYSIS

2019 Operating expenses decreased the District's Net Position by \$5.7 million

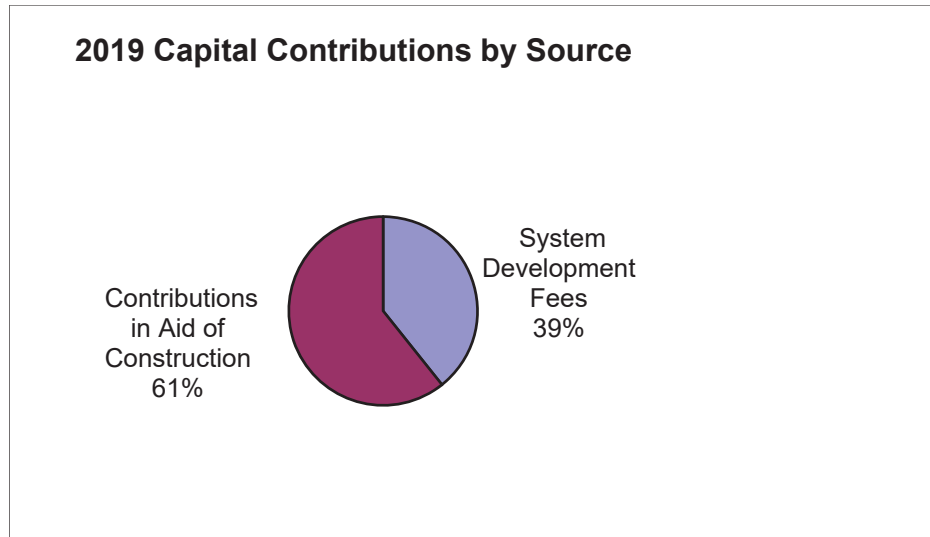


Active taps grew by 251 in 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital contributions increased the District's Net Position by \$8.8 million



Budgetary Highlights

The District prepares its budget on a modified accrual basis, which is a non-GAAP basis of accounting. The modified accrual basis reports capital contributions as revenue, capital purchases as expense and does not report depreciation as an expense. A schedule of revenues and expenditures - budget and actual begins on page 26 of this report.

The variance between actual revenues over expenditures and the budget amounted to a favorable \$11.4 million and is summarized as follows:

- ❖ Tap fee and impact fee revenue were \$1.8 million over budget.
- ❖ Engineering expenses were \$100 thousand under budget.
- ❖ Collection system expenses were \$313 thousand under budget as a result of wages (\$71 thousand), and repairs and maintenance for lines and lift stations (\$200 thousand).
- ❖ Pretreatment and Treatment system expenses were \$188 thousand under budget. Significant items under budget are wages and related expenses (\$73 thousand), biosolids removal (\$44 thousand), and power to the plant (\$25 thousand).
- ❖ Office and Administration were \$7 thousand under budget. Significant items under budget are customer relations (\$10 thousand) and liability and property insurance (\$15 thousand).
- ❖ Operating and nonoperating capital purchases were \$5.8 million under budget. This is due to the wastewater reclamation facility construction project.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Long-Term Debt

Capital Assets. The District's investment in capital assets as of December 31, 2019 amounted to \$114 million (net of accumulated depreciation). This investment in capital assets includes land and easements, collection system lines, buildings and improvements, machinery, equipment and wastewater infrastructure.

Additional information on the District's capital assets can be found in Note 4 on pages 21 and 22 of this report.

Long-term debt. The District has no revenue or general obligation long-term debt outstanding.

Next Year's Budget and Rates

The District will enter 2020 with \$34 million in cash which represents an decrease over 2019 beginning balances of \$10 million. It is anticipated that the District balances will decrease during 2020 due to the construction of an expansion on the wastewater reclamation facility.

Conditions Impacting Future Operations

- ❖ The District is expecting to see moderate tap sales for the near future. The District remains in a growth area in Northern Colorado. The proposed subdivisions in the Timnath growth area will add 3,000 to 5,000 units over the next five to ten years.
- ❖ The total estimated build out growth of the District is approximately 20,000 units. So with its present taps, the District is at 75 percent of expected build-out size.
- ❖ The recovery of the U.S. and local economies along with historically low interest rates continues to be reflected in the number of new taps sales. Tap sales will continue to increase or decrease as the economy improves or wanes.
- ❖ A significant risk to the District is the ability of state and federal regulatory agencies to impose new rules on the treatment of wastewater and its discharge at any time. Maintaining compliance with any new rules has the potential to be costly to the operations of the District.

Contact

Questions concerning any of the information presented in this report or requests for additional information should be directed to the District's manager at the following address:

Chris Matkins
General Manager
5150 Snead Drive
Ft. Collins, CO 80525

Basic Financial Statements

SOUTH FORT COLLINS SANITATION DISTRICT
Statements of Net Position
December 31, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 34,049,250	\$ 44,289,826
Receivables	1,240,608	1,185,548
Prepaid items	120,562	151,989
Total Current Assets	35,410,420	45,627,363
Capital Assets		
Land, easements and construction in progress	24,069,149	5,074,795
Depreciable capital assets, net of accumulated depreciation	89,804,563	86,801,014
Total Capital Assets	113,873,712	91,875,809
Total Assets	149,284,132	137,503,172
LIABILITIES		
Current Liabilities		
Accounts payable	1,434,754	604,955
Accrued expenses	967,255	626,473
Total Current Liabilities	2,402,009	1,231,428
Non-current Liabilities		
Accrued compensated absences	76,649	67,612
Total Non-Current Liabilities	76,649	67,612
Total Liabilities	2,478,658	1,299,040
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue - property taxes	456,793	411,593
Total Deferred Inflows of Resources	456,793	411,593
NET POSITION		
Net investment in capital assets	113,873,712	91,875,809
Restricted for emergencies	12,000	12,000
Unrestricted net position	32,462,969	43,904,730
Total Net Position	\$ 146,348,681	\$ 135,792,539

The accompanying notes are an integral part of these financial statements.

SOUTH FORT COLLINS SANITATION DISTRICT
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2019 and 2018

	2019	2018
Operating Revenues		
Sewer charges and other services	\$ 6,126,343	\$ 5,587,489
Total Operating Revenues	6,126,343	5,587,489
Operating Expenses		
Pre-treatment	137,863	106,558
Collection	698,064	1,216,099
Treatment	1,517,613	1,551,105
Office	53,634	48,712
Administration	882,327	854,421
Operating capital replacement	5,007	-
Depreciation	2,398,765	2,361,448
Directors fees and expenses	17,308	19,103
Total Operating Expenses	5,710,581	6,157,446
Income (loss) from Operations	415,762	(569,957)
Non-Operating Revenues (Expenses)		
Property taxes - net of fees	400,934	398,977
Inclusion fees	24,324	13,803
Interest income on investments - net of fees	874,934	777,453
Unrealized gain on investments	-	9,195
Gain on sale of capital assets	20,000	-
Total Non-Operating Revenues (Expenses)	1,320,192	1,199,428
Income before Capital Contributions	1,735,954	629,471
Capital Contributions	8,820,188	10,466,765
Change in Net Position	10,556,142	11,096,236
Total Net Position - Beginning	135,792,539	124,696,303
Total Net Position - Ending	\$ 146,348,681	\$ 135,792,539

The accompanying notes are an integral part of these financial statements.

SOUTH FORT COLLINS SANITATION DISTRICT
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Cash received from customers	\$ 6,113,478	\$ 5,521,827
Cash paid to suppliers	(1,679,427)	(2,263,274)
Cash paid to employees	(1,181,288)	(1,189,449)
Net cash flows from operating activities	3,252,763	2,069,104
Cash flows from noncapital financing activities		
Property taxes	411,461	405,909
Property tax collection fees	(7,522)	(7,400)
Inclusion fees	24,324	13,803
Net cash flows from noncapital financing activities	428,263	412,312
Cash flows from capital and related financing activities		
Contributed capital	3,467,700	7,320,500
Acquisition of capital assets	(18,264,236)	(3,628,210)
Net cash flows from capital and related financing activities	(14,796,536)	3,692,290
Cash flows from investing activities		
Earnings on investments	874,934	777,453
Proceeds from sale of investments	-	3,000,000
Net cash flows from investing activities	874,934	3,777,453
Net change in cash and cash equivalents	(10,240,576)	9,951,159
Cash and cash equivalents at beginning of year	44,289,826	34,338,667
Cash and cash equivalents at end of year	\$ 34,049,250	\$ 44,289,826

The accompanying notes are an integral part of these financial statements.

SOUTH FORT COLLINS SANITATION DISTRICT
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Reconciliation of income (loss) from operations to net cash flows from operating activities:		
Income (loss) from operations	\$ 415,762	\$ (569,957)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:		
Depreciation	2,398,765	2,361,448
Changes in assets and liabilities:		
Receivables	(12,865)	(65,662)
Prepaid items	31,427	(41,506)
Accounts payable and accrued expenses	410,637	396,449
Accrued compensated absences	9,037	(11,668)
Net cash flows from operating activities	\$ 3,252,763	\$ 2,069,104
 Noncash capital and related financing transactions		
Capital assets contributed	\$ 5,352,488	\$ 3,096,765
Capital asset additions included in accounts payable	\$ 759,944	\$ 521,414
Trade-in of equipment	\$ 20,000	\$ -

The accompanying notes are an integral part of these financial statements.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2019 and 2018

1. Summary of Significant Accounting Policies

Form of Organization

South Fort Collins Sanitation District (the "District") is organized under the provisions of Section 32-1-305(6) of the Colorado Revised Statutes, ("C.R.S."). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which includes the power to levy taxes against property within the District.

Basis of Accounting

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District applies all applicable GASB pronouncements.

Financial Reporting Entity

For financial reporting purposes, management has considered all potential component units in defining the District. The basic criterion for including a potential component unit is the District's ability to exercise significant operational control or financial accountability with the District. Financial relationship or operational control is determined on the basis of the District's obligation to fund deficits, responsibility for debt, budgetary authority, fiscal management, selection of governing authority and/or management, and the ability to significantly influence operations.

Based on the criteria mentioned above, no other entities are considered to be component units of the District, nor is the District a component unit of any other governmental entity.

Basic Financial Statements

The District is a special-purpose government engaged only in business-type activities. As such, enterprise fund financial statements are presented.

Basis of Presentation

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statements of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Total net position is segregated into net investment in capital assets, restricted for emergencies, and unrestricted net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2019 and 2018

Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the Board of Directors in accordance with the state statutes. The budget is prepared on a basis consistent with GAAP except that capital asset additions and principal payments on debt are budgeted as expenditures, and debt proceeds are budgeted as revenues and depreciation and contributed capital assets are not budgeted.

1. On or about October 15, the District staff submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at regular Board meetings to obtain taxpayer comments.
3. Prior to December 15, the budget is legally adopted by the Board of Directors.
4. Unused appropriations lapse at the end of each year.

Total appropriated expenditures for the District are as follows:

	Original Budget	Total Revision	Revised Budget
Business-Type Fund:			
Governmental function	\$ 29,460	\$ -	\$ 29,460
Enterprise function	28,708,095	-	28,708,095
Total	\$ 28,737,555	\$ -	\$ 28,737,555

Comparison of actual operations on the accrual basis to the annual budget is not meaningful. However, a statement comparing actual (budgetary basis) to the budget is included as other supplementary information. The adjustments necessary to convert the actual revenue and expenditures to the budgetary basis are presented in the following schedule.

	2019	2018
Change in net position	\$10,556,142	\$11,096,236
Depreciation	2,398,765	2,361,448
Non-cash capital contributions	(5,352,488)	(3,096,765)
Acquisition of capital assets (cash and non-cash)	(19,024,180)	(4,149,624)
Gain on sale of capital assets	(20,000)	-
Excess revenues over expenditures, budgetary basis	\$(11,441,761)	\$6,211,295

Cash and Cash Equivalents

The District considers all highly liquid investments purchased with an original maturity of three months or less to be cash and cash equivalents.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2019 and 2018

Investments

The District’s investments consist of U.S. government securities, with original maturities of greater than three months, and are carried at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Accounts Receivable and Allowance for Doubtful Accounts

Revenues are recognized when earned. Customers are billed monthly on 30-day cycles. Accounts receivable result from the timing of billed accounts and are shown net of an allowance for doubtful accounts. User and other similar fees set from time to time by the District’s governing board constitute a perpetual lien on or against the property served until paid. Such liens may be foreclosed in the same manner as provided by the laws of the State of Colorado. The District has determined that no allowance is necessary at December 31, 2019 or 2018, based on historical collection experience.

Capital Assets

Capital assets purchased or acquired with an original cost or fair value, if donated, of greater than \$5,000 and expected life greater than 12 months are reported at historical cost. Property replacements and improvements, which extend the lives of assets, are capitalized and subsequently depreciated. Contributed assets are reported at their fair market value at the date received. The cost of maintenance and repairs is charged against income as incurred.

Depreciation has been computed using the straight-line method based on lives of 50 years for sewer lines and the sewage treatment plant and 3 to 20 years for equipment.

Accrued Compensated Absences Payable

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expense and a liability.

The following is a summary of activity in accrued compensated absences for the years ended December 31:

	Beginning	Additions	Deletions	Ending
2019	\$ 67,612	\$ 60,012	\$ (50,975)	\$ 76,649
2018	\$ 79,280	\$ 40,353	\$ (52,021)	\$ 67,612

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District reports unearned property tax revenue as a deferred inflow of resources.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2019 and 2018

Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt, if any, that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position – This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Operating Revenues and Expenses

The District distinguishes between operating revenues and expenses and non-operating items in the statements of revenues, expenses and changes in net position. Operating revenues and expenses generally result from providing services in connection with the District’s purpose of providing sanitation services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation expense. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses or capital contributions.

Connection Fees

Potential customers seeking to connect to the sewer treatment system must make a formal, written request to the District. If the application is approved, the applicant may purchase a tap by paying a plant improvement fee (“PIF”) of \$4,500 per single-family unit (“SFE”). As of January 1, 2019, the PIF increased to \$6,200 per SFE. District investment fees for non-residential customers are based on the size of the water tap.

Property Taxes

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on the last day of February and June 15, or in full on April 30. The District uses the Larimer County Treasurer to bill and collect its property taxes. Taxes levied in December 2019 are recorded as taxes receivable and deferred inflows of resources as of December 31, 2019.

Contributions in Aid of Construction

Contributions of cash and collection and transmission lines to the District by developers, customers or by agreements with others are treated as capital contributions on the District’s statements of revenues, expenses and changes in net position.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2019 and 2018

Use of Estimates

Preparation of the District’s financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Investments

Cash Deposits

Custodial Credit Risk

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits. The District’s deposit policy is in accordance with C.R.S. 11-10.5-101, Colorado Public Deposit Protection Act (“PDPA”), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is maintained by another institution, or held in trust for all of the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor, and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2019, the District had deposits with financial institutions with a carrying amount of \$2,801,624. The bank balances with the financial institutions were \$2,121,282, of which, \$250,000 was covered by federal depository insurance. The remaining balance of \$1,871,282 was collateralized with securities held by the financial institutions’ agents but not in the District’s name. At December 31, 2018, the District had deposits with financial institutions with a carrying amount of \$4,581,984. The bank balances with the financial institutions were \$3,869,872 of which \$250,000 was covered by federal depository insurance. The remaining balance of \$3,619,872 was collateralized with securities held by the financial institutions’ agents but not in the District’s name.

Cash deposits and cash equivalents held by the District at December 31, 2019 and 2018, were as follows:

	2019	2018
Petty cash	\$ 50	\$ 50
Cash on deposit with financial institutions	2,801,624	4,581,984
Local government investment pool	31,247,576	39,707,792
Total cash and cash equivalents	\$ 34,049,250	\$ 44,289,826

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2019 and 2018

Local Government Investment Pools

As of December 31, 2019 and 2018, the District had invested balances of \$10,435,814 and \$10,821,202 in CSAFE, an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. CSAFE is a highly liquid fund operating similarly to a money market-like fund and each share is equal in value to \$1.00. CSAFE measures all of its investment at amortized cost in accordance with GASB Statement No. 79. CSAFE invests primarily in United States Treasuries, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, AAAM rated money market funds, highly rated corporate bonds and Colorado Depositories. The weighted average maturity of the portfolio shall not exceed 60 days and the weighted average life of the portfolio shall not exceed 120 days. CSAFE is rated AAAM by Standard & Poor's. The District reports this investment value at amortized cost.

At December 31, 2019 and 2018, the District had invested \$20,811,762 and \$28,886,590 in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Investments

Credit Risk

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

District policy is to hold investments until maturity.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2019 and 2018

Interest Rate Risk

The District's investment policy, established July 11, 1994, follows the guidelines and limitations set forth by the C.R.S. The policy limits investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value fluctuations arising from increasing interest rates.

There were no investments held by the District at December 31, 2019 and 2018.

3. Receivables

Receivables at December 31, 2019 and 2018, consisted of the following:

	2019	2018
Trade accounts receivable	\$ 773,959	\$ 757,807
Property taxes receivable	456,793	414,598
Accrued interest receivable	9,856	13,143
Total receivables	\$ 1,240,608	\$ 1,185,548

4. Capital Assets

The following is a summary of capital asset activity for the year ended December 31, 2019:

	Beginning	Additions	Deletions	Ending
Capital assets, not being depreciated:				
Construction in progress	\$ 4,137,223	\$ 18,994,354	\$ -	\$ 23,131,577
Land and easements	937,572	-	-	937,572
Total capital assets, not being depreciated	5,074,795	18,994,354	-	24,069,149
Capital assets, being depreciated:				
Sewer lines	76,211,844	5,359,789	(4,554)	81,567,079
Sewage treatment plant	38,271,810	-	-	38,271,810
Equipment	1,174,152	42,525	(41,032)	1,175,645
Total capital assets, being depreciated	115,657,806	5,402,314	(45,586)	121,014,534
Less accumulated depreciation for:				
Sewer lines	(21,463,330)	(1,531,061)	4,554	(22,989,837)
Sewage treatment plant	(6,437,612)	(795,971)	-	(7,233,583)
Equipment	(955,850)	(71,733)	41,032	(986,551)
Total accumulated depreciation	(28,856,792)	(2,398,765)	45,586	(31,209,971)
Total capital assets, being depreciated, net	86,801,014	3,003,549	-	89,804,563
Capital assets, net	\$ 91,875,809	\$ 21,997,903	\$ -	\$ 113,873,712

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2019 and 2018

The following is a summary of capital asset activity for the year ended December 31, 2018:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 147,037	\$ 3,990,186	\$ -	\$ 4,137,223
Land and easements	937,572	-	-	937,572
Total capital assets, not being depreciated	1,084,609	3,990,186	-	5,074,795
Capital assets, being depreciated:				
Sewer lines	73,115,080	3,096,764	-	76,211,844
Sewage treatment plant	38,112,371	159,439	-	38,271,810
Equipment	1,192,443	-	(18,291)	1,174,152
Total capital assets, being depreciated	112,419,894	3,256,203	(18,291)	115,657,806
Less accumulated depreciation for:				
Sewer lines	(19,971,635)	(1,491,695)	-	(21,463,330)
Sewage treatment plant	(5,643,513)	(794,099)	-	(6,437,612)
Equipment	(898,487)	(75,654)	18,291	(955,850)
Total accumulated depreciation	(26,513,635)	(2,361,448)	18,291	(28,856,792)
Total capital assets, being depreciated, net	85,906,259	894,755	-	86,801,014
Capital assets, net	\$ 86,990,868	\$ 4,884,941	\$ -	\$ 91,875,809

5. Commitments and Contingency

Commitments

The District signed a contract with Hydro Construction to complete the construction of a wastewater treatment plant expansion for \$32,146,424. The project is anticipated to be completed in 2020. At December 31, 2019 and 2018, \$1,281,359 and \$298,924, respectively, is included in accounts payable. At December 31, 2019 and 2018, the remaining amount of the contract is \$16,548,319 and \$31,847,500, respectively.

Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors and omissions, or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool ("CSDPLP"). The CSDPLP is an organization composed of approximately 1,100 members created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability, and boiler and machinery coverage to its members. The CSDPLP provides coverage for property claims up to the values declared and liability and public official's coverage for claims up to \$1,000,000.

At December 31, 2018, CSDPLP has assets of \$63,918,422, liabilities of \$39,345,647 and surplus of \$24,572,775. The liability includes no long-term debt. Total revenues for 2018 amounted to \$20,983,559 and total expenses were \$22,973,705 resulting in an excess of expenses over revenues of \$1,990,146. The amount of the District's share of these amounts is less than 1%.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2019 and 2018

Litigation

The District and the Fort Collins-Loveland Water District are the subjects of a legal proceeding regarding water and sewer tap fees. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Districts.

6. Transactions with Other Governmental Entities

The District pays the Fort Collins-Loveland Water District, with separately elected officers, a monthly fee for its management. The two Districts provide water and wastewater services to a service area with similar boundaries. Total expense for each of the years ended December 31, 2019 and 2018, was \$722,840 and \$632,941, respectively. As of December 31, 2019 and 2018, the District owed the Fort Collins-Loveland Water District \$-0-.

7. Defined Contribution Plan

Effective January 1, 1989, the District established a defined contribution plan, the South Fort Collins Sanitation District 401 Qualified Plan, under Internal Revenue Code Section 401, covering all full-time employees with service of six months or more. Each participant is required to contribute 3% of base pay when eligible. The District contributes 6% of base pay taxable earnings for the plan year on behalf of each participant. The participants are fully vested in employee contributions immediately, and after five years for employer contributions. Employer contributions are to be invested only in guaranteed funds, and employee contributions are unrestricted.

The District's contributions to the plan for the years ending December 31, 2019, 2018 and 2017 were \$41,347, \$45,258 and \$49,840, respectively.

8. 457 Deferred Compensation Plan

The District offers its employees a deferred compensation plan (the "Plan"), created in accordance with Internal Revenue Code Section 457. The Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$19,000 and \$18,500 for the calendar years 2019 and 2018, respectively). Catch-up contributions of up to \$6,000 for calendar years 2019 and 2018, were allowed for participants who had attained age 50 before the close of the plan year. All assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. For the years ended December 31, 2019 and 2018, the District did not make any contributions to the Plan.

9. Tabor Compliance

In November 1992, Colorado voters passed an amendment (The "Amendment" or "TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation.

South Fort Collins Sanitation District
Notes to Financial Statements
December 31, 2019 and 2018

Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and the fund reserves (balances). The Amendment requires voter approval for an increase in the mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

On August 9, 1995 the District passed a resolution, “Continuing and Clarifying the Establishment of a Sanitation Activity Enterprise.” This resolution was passed after much research by legal counsel regarding the status of the District following the passage of the Amendment. Because the District qualifies as an enterprise fund as defined by paragraph 2 (d), Section 20, Article X of the Colorado Constitution, it was determined that the District’s Sanitation Enterprise Fund is therefore exempt from the requirements and limitations of Section 20, Article X of the Colorado Constitution.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$12,000 as of December 31, 2019 and 2018, for emergencies as defined by TABOR.

The Amendment is complex and subject to judicial interpretation.

10. Subsequent Events

The COVID-19 outbreak, which was declared a worldwide pandemic on March 11, 2020 by the World Health Organization (“WHO”), has caused business disruption in a variety of industries, markets and geographic regions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent to which the District’s operational and financial performance will be affected is also uncertain. Therefore, while the District expects this matter to impact their business, results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

The District evaluated subsequent events through September 14, 2020, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure.

Supplementary Information

SOUTH FORT COLLINS SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019
With Comparative Amounts for the Year Ended December 31, 2018

	2019				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2018 Actual
Enterprise function:					
Revenues					
Operating Revenues					
Service charges	\$ 5,650,000	\$ 5,650,000	\$ 6,018,831	\$ 368,831	\$ 5,454,019
Miscellaneous income	5,000	5,000	22,912	17,912	48,870
Revenue - Spring Canyon	84,600	84,600	84,600	-	84,600
Total Operating Revenues	5,739,600	5,739,600	6,126,343	386,743	5,587,489
Non-Operating Revenues					
Interest on investments	300,000	300,000	874,934	574,934	777,453
Unrealized gain (loss) investments	-	-	-	-	9,195
Tap fees	1,705,000	1,705,000	3,462,700	1,757,700	6,856,000
Impact fees	-	-	5,000	5,000	514,000
Inclusion fees	-	-	24,324	24,324	13,803
Total Non-Operating Revenues	2,005,000	2,005,000	4,366,958	2,361,958	8,170,451
Operating transfer in	-	-	383,626	383,626	379,874
Total Revenues	7,744,600	7,744,600	10,876,927	3,132,327	14,137,814
Expenditures - Operating					
Engineering					
Consulting	100,000	100,000	-	100,000	-
Total Engineering	100,000	100,000	-	100,000	-
Pretreatment					
Wages	80,000	80,000	79,744	256	75,591
Payroll taxes	6,320	6,320	6,483	(163)	6,055
Retirement	4,740	4,740	4,632	108	3,236
Insurance - medical	15,800	15,800	15,800	-	15,100
Insurance - life	700	700	819	(119)	876
Workers' comp insurance	2,400	2,400	793	1,607	1,052
Cell phone	450	450	358	92	637
Consulting	2,500	2,500	-	2,500	-
Dues & subscriptions	50	50	-	50	-
Education & training	1,000	1,000	490	510	-
Fuel	600	600	319	281	555
Lab testing	12,000	12,000	27,899	(15,899)	3,065
Miscellaneous	2,000	2,000	496	1,504	-
Office supplies	500	500	30	470	289
Public education	800	800	-	800	-
R & M - vehicles	650	650	-	650	102
Total Pretreatment	130,510	130,510	137,863	(7,353)	106,558

SOUTH FORT COLLINS SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019
With Comparative Amounts for the Year Ended December 31, 2018

	2019				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2018 Actual
Collection					
Wages	327,000	327,000	255,229	71,771	274,054
On-call & overtime	28,500	28,500	40,582	(12,082)	39,337
Payroll taxes	30,400	30,400	23,600	6,800	24,320
Insurance - medical	80,800	80,800	80,799	1	77,000
Insurance - life	2,500	2,500	2,681	(181)	2,099
Retirement	22,800	22,800	14,732	8,068	12,051
Workers' comp insurance	12,000	12,000	3,153	8,847	5,256
Cell phone	3,000	3,000	3,048	(48)	2,789
Education	6,000	6,000	802	5,198	4,823
Fuel	16,500	16,500	11,745	4,755	12,864
Miscellaneous	2,100	2,100	1,840	260	1,338
Office supplies	500	500	80	420	375
Power - Boyd Lake	3,700	3,700	3,537	163	3,155
Power - Crossroads	3,800	3,800	3,571	229	3,966
Power - Highland Meadows	11,500	11,500	11,409	91	8,739
Power - McClelland	2,000	2,000	1,498	502	1,394
Power - Ptarmigan	38,000	38,000	33,791	4,209	34,598
R & M - lines and lift stations	382,800	382,800	182,666	200,134	669,974
R & M - vehicles	15,000	15,000	7,936	7,064	16,393
Safety program	4,000	4,000	372	3,628	4,555
Supplies	2,000	2,000	1,600	400	2,089
Uniforms	3,000	3,000	1,681	1,319	2,097
Utility locates	13,500	13,500	11,712	1,788	12,833
Total Collection	1,011,400	1,011,400	698,064	313,336	1,216,099
Treatment					
Wages	485,000	485,000	433,290	51,710	448,560
On-call & overtime	47,000	47,000	42,585	4,415	43,169
Payroll taxes	42,600	42,600	35,013	7,587	41,121
Insurance - medical	95,000	95,000	95,000	-	90,600
Insurance - life	4,500	4,500	4,001	499	3,914
Retirement	31,200	31,200	22,010	9,190	18,887
Workers' comp insurance	14,000	14,000	3,964	10,036	6,308
Biomonitoring	15,000	15,000	9,200	5,800	10,350
Biosolids removal	169,000	169,000	124,799	44,201	158,513
Chemicals	100,000	100,000	130,046	(30,046)	95,076
Dues & subscriptions	2,000	2,000	180	1,820	550
Education & training	10,000	10,000	8,349	1,651	2,578
Fuel - standby power	3,000	3,000	2,853	147	3,152
Fuel - vehicle	2,800	2,800	2,908	(108)	2,532
Janitorial services	4,000	4,000	5,600	(1,600)	3,660
Lab testing	22,000	22,000	14,553	7,447	17,009
Miscellaneous	-	-	571	(571)	496
Office supplies	500	500	502	(2)	237
Permits	15,000	15,000	14,378	622	20,487
Power - plant	466,000	466,000	441,489	24,511	411,665
Cell phones	2,700	2,700	4,120	(1,420)	2,969
R & M - building	10,000	10,000	4,315	5,685	2,629

SOUTH FORT COLLINS SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019
With Comparative Amounts for the Year Ended December 31, 2018

	2019				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2018 Actual
R & M - grounds	5,000	5,000	440	4,560	1,435
R & M - plant	66,000	66,000	55,606	10,394	54,046
R & M - vehicles	1,000	1,000	1,658	(658)	1,345
Service contracts	32,395	32,395	7,870	24,525	27,173
Supplies	1,400	1,400	2,269	(869)	1,713
Telephone	7,300	7,300	6,504	796	6,314
Trash removal	51,000	51,000	34,889	16,111	51,461
Uniforms	4,000	4,000	4,753	(753)	3,068
Water quality monitoring	2,500	2,500	2,015	485	2,366
Water usage	1,300	1,300	1,883	(583)	863
Total Treatment	1,713,195	1,713,195	1,517,613	195,582	1,534,246
Office					
Payroll processing	6,200	6,200	5,396	804	5,503
Postage	27,500	27,500	25,872	1,628	26,514
Printing	20,500	20,500	17,191	3,309	15,748
Publications & notices	1,000	1,000	607	393	947
Customer relations	10,000	10,000	279	9,721	-
Bank service charges	8,000	8,000	4,289	3,711	-
Total Office	73,200	73,200	53,634	19,566	48,712
Administration					
Audit	13,100	13,100	12,419	681	12,400
Bank service charges	-	-	-	-	5,812
Consulting	10,000	10,000	45,425	(35,425)	91,991
Contingency	10,000	10,000	2,385	7,615	2,249
Customer relations	-	-	-	-	114
Dues & subscriptions	6,500	6,500	6,238	262	6,617
Education & training	2,500	2,500	2,078	422	1,576
Insurance - liability	55,000	55,000	45,886	9,114	50,726
Insurance - property	34,000	34,000	27,845	6,155	30,635
Legal	15,000	15,000	15,782	(782)	18,873
Management fees - FCLWD	722,840	722,840	722,840	-	632,941
Miscellaneous expenses	500	500	1,429	(929)	5
Travel	500	500	-	500	482
Total Administration	869,940	869,940	882,327	(12,387)	854,421
Operating Capital Replacement					
Collection - operating	902,000	902,000	10,180	891,820	-
Treatment - operating	9,509,150	9,509,150	7,622,395	1,886,755	1,708,891
Total Operating Capital Replacement	10,411,150	10,411,150	7,632,575	2,778,575	1,708,891
Total Operating Expenses	14,309,395	14,309,395	10,922,076	11,014,887	5,468,927
Capital expenditures - Non-Operating					
Collection - other	225,000	225,000	-	225,000	-
Treatment - other	14,143,700	14,143,700	11,396,612	2,747,088	2,394,110
Buildings & grounds	30,000	30,000	-	30,000	63,482
Total Non-Operating Expenditures	14,398,700	14,398,700	11,396,612	3,002,088	2,457,592
Enterprise gain (loss)	(20,963,495)	(20,963,495)	(11,441,761)	9,521,734	6,211,295

SOUTH FORT COLLINS SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019
With Comparative Amounts for the Year Ended December 31, 2018

	2019				
	Budget - Original	Budget - Final	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)	2018 Actual
Governmental function:					
Revenues					
Property taxes	391,000	391,000	408,456	17,456	406,377
Expenditures					
Collection fees	7,500	7,500	7,522	(22)	7,400
Directors fees	12,000	12,000	6,800	5,200	7,500
Directors payroll taxes	9,000	9,000	9,967	(967)	11,007
Directors expenses	960	960	541	419	596
Operating transfer out	-	-	383,626	(383,626)	379,874
Total expenditures	29,460	29,460	408,456	(378,996)	406,377
Excess revenues over expenditures	361,540	361,540	-	(361,540)	-
Excess (deficiency) of budgetary revenues over budgetary expenditures	<u>\$ (20,601,955)</u>	<u>\$ (20,601,955)</u>	<u>\$ (11,441,761)</u>	<u>\$ 9,160,194</u>	<u>\$ 6,211,295</u>

See accompanying independent auditor's report.